

June 24, 2022

## NORTH MEDIA A/S (CPSE: NORTHM)

North Media A/S, established in 1965, has built a diverse portfolio of companies that link businesses and consumers, primarily in Denmark and other Nordic countries. Its Last Mile business area operates FK Distribution, a distribution service that delivers direct mail and leaflets to consumers. Its smaller, but -growing Digital Services unit includes BoligPortal, a Danish home rental platform; Ofir, a job search platform; and Bekey, a provider of digital access solutions for multistory buildings and private homes. The company also holds a 50% stake in Danish fintech company Lead Supply.

### COMPANY HIGHLIGHTS

- \* NORTHM: Connecting Businesses and Consumers
- \* North Media has used earnings and cash flow from its mature Last Mile local advertising unit to develop a growing portfolio of Digital Services businesses, including home rental and job search platforms. The company is also expanding into new markets, including Sweden and Germany.
- \* We expect the Digital Services unit to post double-digit revenue growth and expand its EBIT margin over the next several years, despite recent weakness in the Denmark housing rental market, and a more protracted path for the company's Bekey unit to expand its stairwell segment commercially. We expect near-term investments across the Digital Services unit (notably related to the recent acquisition of Boligmanager and build-out of a new Ofir platform) to contribute to a moderating EBIT margin profile for 2022, but driving a robust longer-term growth profile.
- \* We believe that returns from North Media's internal portfolio of long-term securities, solid cash dividend, and commitment to periodic share buybacks add to its total-return potential. This securities portfolio appreciated by 103.2 million DKK in 2021. The annualized dividend of 5 DKK per share currently yields 7.5% (4.6% at the end of 2021), which we see supporting an attractive long-term investment profile. By the end of 2022, North Media will have returned 386 million DKK to investors through dividends and stock buybacks over the past five years.

(continued on next page)

### KEY STATISTICS

#### Key Stock Statistics

Recent price, DKK (6/22/22)	66.50
Fair Value Estimate	125.00
52 week high/low (DKK)	138.80- 62.50
Shares outstanding (M)	18.1
Market cap (M, DKK)	1204
Dividend (DKK)	5.0
Yield	7.5%

#### Sector Overview

Sector	Consumer Discretionary
Sector % of S&P 500	10.9%

#### Financials (M, DKK, as of 3/31/22)

Cash & Mkt Securities	734.6
Debt	123.3
Working Capital (M, DKK)	728.7
Current Ratio	7.1
Total Debt/Equity (%)	13
Payout ratio	47%
Revenue (M) TTM	1039.0
Net Income (M) TTM	185.4
Net Margin	17.8%

#### Risk

Beta	1.53
Inst. ownership	5%

#### Valuation

P/E forward EPS	7.3
Price/Sales (TTM)	1.2
Price/Book (TTM)	1.3

#### Top Holders

Gudme Raaschou Asset Management  
Fundamental Fondsmæglersekskab A/S  
Herald Investment Management Limited

#### Management

CEO	Mr. Lasse Ingemann Brodt
CFO	Mr. Kåre Stausø Wigh
Ex. Dir., Acqui. & Bus. Dev.	Mr. Henrik Lovig Jensen
Company website	www.northmedia.dk

### PRICE CHART



COMPANY SPONSORED REPORT. SEE LAST PAGE FOR DISCLOSURES.

- \* Despite our outlook for near-term earnings to contract due to the slower-than-expected launch of new services from BoligPortal and commercial breakthrough for Bekey, we continue to view North Media's balance sheet positively. We note that a recent write-off of some previously capitalized Bekey project investments were non-cash in nature and should continue to support the company's long-term strategy. Further, we do not think that the extended time-frame for positive cash flows from Bekey imply a less-favorable long-term outlook for that unit.
- \* NORTHM shares are trading at a significant discount to peers based on multiple metrics, including EV/EBIT. We believe that the stock merits a discount to benchmark averages based on a more modest near-term revenue growth outlook. However, in our view, this is offset partially by a solid EBIT margin for the established FK Distribution business, prospects for long-term growth in the Digital Services portfolio, and focus on returns to shareholders. Our fair value estimate is 125 DKK, well above the current price near 66 DKK.

## INVESTMENT THESIS

North Media, established in 1965, has built a diverse portfolio of companies that link businesses and consumers in Denmark. Its Last Mile business area operates FK Distribution, a distribution service that delivers direct mail, leaflets, and free weekly newspapers to practically every household in the country, as well as digital offerings and leaflet packaging services to third parties. Its smaller, but faster-growing Digital Services unit includes BoligPortal, a market-leading Danish home rental platform; Ofir, a job search platform; and Bekey, a provider of digital access solutions for multistory buildings and private homes. North Media is using cash generated by the established FK Distribution business (86% of 2021 revenue and nearly all of net group EBIT) to develop its newer digital businesses. We expect these businesses, in aggregate, to account for up to 25% of revenue over the next 2-3 years. Over the long term, we also expect North Media to continue its international expansion, with new initiatives in Sweden, Germany, and other markets.

The Last Mile business area has a record of solid and stable earnings. It is Denmark's leading distributor of leaflets, local newspapers, and direct mail, and has expertise in sorting, packing, and distributing printed advertising to households. The service has supported brick-and-mortar retailers, which have remained a key part of the Danish economy despite increased digitization. Last Mile reaches up to 2.9 million Danish households as well as more than 500,000 high-frequency users through a digital distribution platform. Its Minetilbud app has more than 1 million users, of which more than 500,000 are highly frequent users with more than 30 minutes per month

Last Mile has maintained strong EBIT growth despite largely flat revenue. In 2021, revenue fell 3% to 889 million DKK, but the unit's EBIT margin was 28% in 2021, up from 25.6% in 2020. We expect margins to contract to the 20% range in 2022, impacted by several shifts in the revenue mix and higher expected costs, particularly those related to distribution.

North Media has taken steps in recent years to mitigate volume declines in the Last Mile business, notably beginning to provide packing services for Germany's Deutsche Post. FK Distribution packaging uses biodegradable paper wrap to replace the plastic wrap formerly used by Deutsche Post. The company initially provided packaging for 143,000 households in Flensburg, Germany, but the cooperation was extended to 475,000 households in July 2021. We believe the partnership represents an incremental growth opportunity for further expansion over time, as economies continue to re-open more broadly from COVID-19 pandemic-related restrictions.

In 2021, Digital Services contributed approximately 14% of total revenue, up from 13% in 2020. Digital Services EBIT was impacted by several one-time items, including a write-down in Bekey assets and accelerated investments across the group, which we expect to support an attractive long-term growth profile. Although we see near-term pressure on the Digital Service group's EBIT margin due to these increased costs, we note that through the first nine months of 2021, its margin had increased to 17.2%. Thus, we see potential for the group's EBIT margin to return to these levels by 2024, as costs related to these investments wane and enhanced product capabilities and technology platforms begin to contribute meaningfully across the group.

The most-established Digital Services business is BoligPortal, a market-leading Danish home rental platform that offers services to verified landlords and tenants. BoligPortal has also begun a similar site in Sweden that has the potential for strong growth. In 2021, BoligPortal revenue rose 3% to approximately 85 million DKK. Its EBIT margin was 31.6%, down modest from 33% in 2020, but well above 22.8% in 2019. The company focuses solely on the rental market and has no activities in the sales market.

Despite the COVID-19 pandemic, the rental-home market in Denmark expanded in 2020, but showed weakness in supply over the second half of 2021. Still, we are encouraged by BoligPortal's infrastructure and we believe it should drive favorable long-term growth. In 2021, BoligPortal helped to arrange more than 110,000 home rentals and its Danish and Swedish sites generated more than 900,000 visitors monthly, in aggregate. Over the past few years, BoligPortal has expanded its revenue streams to include services that connect tenants with utility, broadband service, and insurance providers.

*(continued on next page)*

## PEER COMPARISON

Company	Ticker	Recent Price (\$)	52-Week High (\$)	52-Week Low (\$)	Mkt. Cap (\$MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield (%)
NORTH MEDIA A/S	CPSE: NORTHM	66.50*	138.80*	62.50*	1,204*	-37	-1	NM	6.3	1.53	7.5
PUNA MUSTA MEDIA OYJ	HLSE: PUMU	5.80**	6.80**	5.35**	73**	-10	4	NM	16.1	0.30	3.1
ALMA MEDIA OYJ	HLSE: ALMA	9.80**	12.70**	8.52**	807**	-8	20	58	18.8	1.12	3.6
KESKISUOMALAINEN OYJ	HLSE: KSLAV	12.50**	18.00**	11.65**	129**	-16	2	NM	18.1	0.58	5.4
TX GROUP AG	SWX: TXGN	111***	172***	82***	1,180***	29	3	NM	1.5	0.61	2.9

\* Stock Statistics in DKK \*\* Stock Statistics in EUR \*\*\* Stock Statistics in CHF

Over the long term, we expect BoligPortal to benefit from strong demand for rental housing in Denmark and Sweden. We expect the launch of some growth drivers for BoligPortal will be delayed into 2022. This includes the “software as a service” (or SaaS) product features, which we expect will provide more-predictable revenue and cash flow through a subscription model. And despite the delays, we see robust opportunities for BoligPortal to generate additional revenue streams from advertising and reference fees, while also expanding its suite of services to landlords.

In January 2022, BoligPortal purchased a 51% stake in SaaS property management software developer Boligmanager ApS. The monthly subscription service will enable landlords to digitally handle contracts, deposits, collections and payments, arrears, consumption accounts, taxes, and tenant communication, among other features. Its founders will continue as co-owners and employees of the company and BoligPortal has an option to acquire the balance of the company in 2027. In addition to paying 4 million DKK to the founders, BoligPortal will invest 8 million DKK into the growth and scaling of Boligmanager in 2022, and we expect revenue contribution near the end of 2022. We believe the acquisition will expand the capabilities of BoligPortal, while meaningfully accelerating the timeline for revenue contribution, compared with developing these capabilities internally.

Ofir is Denmark’s most-comprehensive jobs universe, used by more than 1,200 employers to post job vacancies via portals and social media sites such as LinkedIn, Facebook, and Google. In 2021, employers posted more than 42,000 job announcements on the site, representing a 29% increase over 2020. The site is designed to reach both active and passive job seekers. Its revenue rose 72% to 36 million DKK in 2021, and the site has been profitable since the second half of 2020. Management plans to continue to expand Ofir by upgrading its technology platform, and developing its sales infrastructure and advertising presence on social media, among other key initiatives. We are encouraged by the strong revenue growth reported since, including 47% growth for the first quarter of 2022. Despite these results, we see Ofir as still being in the early-stages of its growth cycle.

The company’s newest business, Bekey, provides digital access solutions for multi-story buildings as well as for private homes. Its NetKey is a cloud-based system that uses encrypted digital keys that cannot be lost or copied, and enables users to open doors using Bluetooth and a mobile phone app. Chips are installed in the entryway of secured stairwells. Bekey also has generated license fees through contracts with 30 Denmark municipalities. In 2021, Bekey technology opened doors 14.4 million times, up 19% from 2020, and was installed on approximately 60,000 locks in Denmark (direct) and Norway (sold through agents).

At the end of 2021, the Bekey solution covered 53% of the secured stairwells in Copenhagen and the Capital Region. To date, most of Bekey’s revenues have come from its “Homecare” segment of private homes and municipalities. Bekey plans to expand use among segments including “Distributors,” enabling the delivery of products and services into multi-story buildings with secured stairwells; and “Properties,” for property owners and administrators who need to provide secure access.

In 2021, total revenue for Bekey declined by 16% to 24 million DKK, as delays in projects with Danish municipalities resulted in fewer installations and onboarded customers, more than offsetting higher license fees from the installed base. Bekey has seen several contracts in its “Distributor” segment extend beyond initial timing expectations, which led to the write-down of 20.1 million DKK in previously capitalized investment expenses. Still, we view Bekey as well positioned to capitalizing on the long-term growth opportunities for digital keyless technologies throughout Denmark -- and we do not think that the more-distant timeframe for a commercial breakthrough imply a less-favorable long-term outlook for that unit.

North Media also holds a 50% stake in fintech company, Lead Supply, a loan portal which connects consumers with banks. The company achieved 66% revenue growth in 2021 and a 17.1% EBIT margin. In our view, positive trends in this business have continued into 2022, as it achieved 83% revenue growth and EBIT margin expansion to 26.0% in the first quarter of 2022. North Media recognizes a portion of the company’s after-tax profit. We expect favorable long-term growth for Lead Supply, driven by entry into new markets with high potential loan transaction volumes and realized benefits from investments in human capital and market and technology infrastructure build.

## RECENT DEVELOPMENTS

North Media shares trade on the Nasdaq Copenhagen Exchange under the ticker NORTHM. In 2021, the stock increased 35%, compared with a 37% increase for the OMX Nordic Small Cap Index benchmark, of which North Media was a constituent. In 2020, the stock rose 79%, compared to a 45% increase for the OMX Nordic Small Cap Index. Effective January 2022, North Media became a component of the OMX Nordic Mid Cap Index. Year-to-date in 2022, however, the stock has declined 37%, compared with a 25% decline for the OMX Nordic Mid Cap Index.

In May 2022, North Media reported first-quarter 2022 EPS of 2.1 DKK, down from 2.9 DKK in 2020, excluding returns on security investments in both periods. Revenues increased by 2% over the prior-year period. EBIT margin was 19.4%, compared with 26.5% in the first quarter of 2021, due to higher investment-related costs.

In January 2022, North Media subsidiary BoligPortal acquired a 51% stake in Boligmanager. The company has an option to acquire the remaining 49% in 2027.

In December 2021, North Media wrote-off development project costs for Bekey and announced that it will increase costs across its other Digital Services units into 2022 to help drive long-term growth.

In November 2021, North Media announced its plan to install solar panels and a battery-energy storage system at its property in Taastrup, which should result in nearly 40% of its power consumption at the Taastrup site generated in-house.

In April 2021, Ofir announced a partnership with Google Jobs that will result in enhanced job search capabilities on the Ofir website, as well as on three other Danish job-listing sites, over Google’s platform.

In April 2021, North Media’s FK Distribution subsidiary expanded its partnership with Deutsche Post. Under the expanded

agreement, which began on July 1, 2021, FK Distribution is packing leaflets for Deutsche Post to distribute to more than 475,000 German households.

## EARNINGS & GROWTH ANALYSIS

We forecast revenue of 1.035 billion DKK in 2022 (implying flat results compared with 2021) and 1.065 billion DKK in 2023 (which assumes 3% growth). We expect double-digit revenue growth in Digital Services to offset continued modest declines in the Last Mile distribution business, where revenue has fallen due to the migration of advertising to digital channels, COVID-19 impacts on smaller businesses, and other headwinds. In 2021, FK Distribution revenues declined 3%, which was offset partly by a 10% increase from Digital Services. In 2021, Last Mile accounted for 86% of total revenue. We expect this contribution to decline to approximately 80% over the next two to three years, as the Digital Services segment, helped by new offerings and acquisitions, begins to account for a larger percentage of revenue.

We project EBIT margins of 20.3% in 2022 and 20.5% in 2023, as the company absorbs higher costs from FK Distribution, and investments in its Digital Services segment, particularly from Ofir and the recently acquired Boligmanager. Over the coming years, we expect FK Distribution's EBIT margin in the low 20% range, while Digital Services ramps to close to 20% by 2024. We note that the company's EBIT margin of around 23% in 2020 and 2021 was sharply higher than the 16.3% and 8.2% achieved in 2019 and 2018, respectively.

We forecast EPS of 9.16 DKK in 2022 and 9.50 DKK in 2023, excluding returns on securities investments. On this basis, North Media reported EPS of 10.6 DKK in 2021 and 10.3 DKK in 2020. (Including gains on security investments, EPS came to 14.7 DKK in 2021 and 16.7 DKK in 2020.)

## FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on North Media is High. The company has ample liquidity and the resources to support a strong dividend, periodically repurchase shares, and develop its Digital Services segment.

As of March 31, 2022, North Media's capital resources were 734.6 million DKK, down from 882.8 million at the end of 2021, which we attribute to declines in its security portfolio amid broad market volatility. However, we note that this figure remains more than 50% above the 484.7 million DKK at the end of 2019, just prior to the COVID-19 pandemic. As such, the company is well funded and seemingly able to participate in the acquisition of complementary companies that would fit in its Digital Services portfolio. As of March 31, 2022, North Media had 80.3 million DKK in cash on its balance sheet, and 654.3 million DKK in value from a portfolio of long-term, growth-oriented security investments, which appreciated by 167.7 million DKK (29%) in 2021. As of March 31, 2022, current assets were 847 million DKK, compared with 119 million DKK in current liabilities, resulting in a current ratio of 7.1. As of March 31, 2022, total equity was 960 million DKK, up more than 40% from 671 million DKK at December 31, 2019, prior to the COVID-19 pandemic.

Net cash inflows from operating activities were 156.1 million DKK in 2021, down from 218.6 million DKK in 2020. Net cash outflows from investing activities were 88 million DKK, up from 47.2 million DKK in 2020. Net cash outflows from financing activities were 91.7 million DKK in 2021, down from 110.4 million DKK in 2020.

North Media has a solid cash dividend and periodically buys back shares. At the end of 2021, its 5 DKK dividend per share represented a yield of 4.6%, and the yield was 7.5% as of June 2022. Based on 2021 EPS excluding gains on security investments, the payout ratio was approximately 47%. At the end of 2022, North Media will have distributed 386 million DKK to shareholders through dividends and stock buybacks. The company intends to continue paying a DKK 5 per share dividend annually over the next several years.

## MANAGEMENT

North Media A/S's Executive Board consists of three members. Lasse Ingemann Brodt was previously CEO of FK Distribution business segment and was appointed as CEO of North Media in April 2022. Mr. Brodt has been a member of the Group Executive Board since 2018. Kare Wigh, who had served as both group executive director and CFO since 2016 and has been a member of the Executive Board since 2006, continues as CFO. Lastly, Lisbeth Britt Larsen joined the Group Executive Board as group chief human resources officer (CHRO). Ms. Britt Larsen joined FK Distribution in 2010, and has served as group head of HR over the past two years.

North Media's board currently has five members, and a majority of them are independent. Its principal shareholder, founder Richard Bunck, holds approximately 62% of the company's outstanding stock that is not held by the company.

## RISKS

Risks for North Media include a decline in the volume of printed advertising in the FK Distribution business and increased competition in the print media space. The company also faces competitive and operational risks as it works to expand its Digital Services segment.

## COMPANY DESCRIPTION

North Media, established in 1965, has built a diverse portfolio of market-leading companies that link businesses and consumers in Denmark. Its Last Mile business unit operates FK Distribution, a distribution service that delivers direct mail and leaflets to consumers. Its smaller, but fast-growing Digital Services unit includes BoligPortal, a Danish home rental platform; Ofir, a job search platform; and Bekey, a provider of digital access solutions for multistory buildings and private homes. The company also holds a 50% stake in Danish fintech company Lead Supply.

North Media is using cash generated by the established FK Distribution unit (86% of 2021 revenue) to develop its newer digital businesses. We expect these businesses, in aggregate, to account for up to 20% of revenue over the next 2-3 years, up from 14% in 2021. Over the long term, we also expect North Media to continue its international expansion, with new initiatives in Sweden, Germany, and other markets.



## VALUATION

We value NORTHM shares on a blended, sum-of-the-parts basis by using industry-average EV/EBIT multiples for each of the company's business segments, and weighting these multiples based on the estimated EBIT contribution of each segment in 2022. In our view, North Media warrants a discount to these benchmarks, given the moderate growth profile of FK Distribution and extended pathway for longer-term growth prospects of the Digital Services segment. We note that these peer average multiples have contracted over recent quarters, amid recent economic volatility across the Danish and broader global markets.

However, we like the company's focus on shareholder returns through dividends and periodic stock buybacks, and its robust

net-interest-bearing cash position that, in aggregate, mitigate a slower growth profile from FK Distribution.

We apply a multiple of 7.5 to FK Distribution EBIT of 196 million DKK (compared to a 10.5-times multiple for Direct Marketing peers) and a multiple of 13.5 to Digital Services EBIT of 14 million DKK (compared to a 18-times multiple for a basket of Interactive Media Service peers) to arrive at a target enterprise value of 1.66 billion DKK. Adjusting for net cash and including the value of the securities portfolio, which was 654.3 million DKK as of March 31, 2022, we arrive at a fair value of 125 DKK per share. That is well above current levels near 66 DKK. The 7.5% dividend yield adds to the total potential return.

Steve Silver,  
Argus Research Analyst

**INCOME STATEMENT**

<b>Growth Analysis (MIL, DKK)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Q1 2022</b>	<b>Q2 2022E</b>	<b>Q3 2022E</b>	<b>Q4 2022E</b>	<b>2022E</b>	<b>Q1 2023E</b>	<b>Q2 2023E</b>	<b>Q3 2023E</b>	<b>Q4 2023E</b>	<b>2023E</b>
Revenue	1144.9	1045.6	1045.4	1033.6	248.2	254.7	256.8	275.3	1035.0	248.1	267.3	268.4	281.2	1065.0
Gross Profit	552.5	522.7	619.8	620.8					605.6					628.4
SG&A	271.8	225.2	227.8	217.7					232.6					239.6
R&D	NA	NA	NA	NA					NA					NA
Operating Income	94.0	170.0	240.2	265.4					210.2					218.7
Net Interest Expense	-15.7	-12.7	-5.5	-1.4					-3.8					-3.9
Pretax Income	94.0	19.4	271.1	243					206.4					214.8
Tax Rate (%)	24	19	22	21					20					20
Net Income	51.7	110.1	186.0	193.1					165.9					171.9
Diluted Shares	19.0	18.6	18.4	18.3					18.1					18.1
EPS	2.7	5.9	10.3	10.6	2.12	2.17	2.23	2.64	9.16	2.22	2.36	2.38	2.54	9.50
Dividend	3.0	4.0	5.0	5.0					5.0					5.0
<b>Growth Rates (%)</b>														
Revenue	NA	-9	0	-1					0					3
Operating Income	NA	81	41	10					NM					4
Net Income	NA	113	69	4					NM					4
EPS	NA	119	75	3					NM					4
<b>Valuation Analysis</b>														
Price (DKK): High	46.00	45.00	89.00	138.80					NA					NA
Price (DKK): Low	29.50	32.50	32.10	74.00					NA					NA
PE: High	NA	16.7	15.1	13.5					NA					NA
PE: Low	NA	12.0	5.4	7.2					NA					NA
PS: High	NA	0.7	1.6	2.4					NA					NA
PS: Low	NA	0.5	0.6	1.3					NA					NA
Yield: High	NA	12.3%	15.6%	6.8%					NA					NA
Yield: Low	NA	8.9%	5.6%	3.6%					NA					NA
<b>Financial &amp; Risk Analysis (MIL, DKK)</b>														
Cash (Ex. Securities)	70.7	84.7	153.5	129.7					NA					NA
Working Capital (Ex. Securities)	-39.3	-41.3	-58.4	-33.7					NA					NA
Current Ratio (Incl. Securities)	2.8	3.7	4.7	7.8					NA					NA
LTDebt/Equity (%)	24	20	14	11					NA					NA
Total Debt/Equity (%)	24	21	15	12					NA					NA
<b>Ratio Analysis</b>														
Gross Profit Margin	48%	50%	59%	60%					59%					59%
Operating Margin	8%	16%	23%	26%					20%					21%
Net Margin	5%	11%	18%	19%					16%					16%
Return on Assets (%)	9	12	14	13					NA					NA
Return on Equity (%)	11	35	39	28					NA					NA
Op Inc/Int Exp	NM	NM	NM	NM					NM					NM
Div Payout	111%	68%	49%	47%					55%					53%

## DISCLAIMER

Argus Research Co. has received a flat fee from the company discussed in this report as part of a “Sponsored Research” agreement between Argus and the company. No part of Argus Research’s compensation is directly or indirectly related to the content of this assessment or to other opinions expressed in this report. Argus Research provides a suite of Sponsored Research services including but not limited to initial reports with ongoing coverage and updates; proprietary Argus Research earnings estimates; distribution to Argus Research’s clients; a license to enable the company to proactively use and distribute the report ; a press release announcing our initial coverage and updates; and access to the Vickers Research database. The price for this suite of services generally ranges from \$22,000 to \$35,000 depending on the level of services selected. Argus Research receives no part of its compensation in the form of stock or other securities issued by the company discussed in this report, and has no long equity position or short sale position in the company’s stock. Argus Research is not involved in underwriting securities for the subject company, and will receive no proceeds or other financial benefit from any securities offering by the company. Argus Research; its officers, directors, and affiliates; and the author of this report have no financial interest in, or affiliation with, the subject firm. The report is disseminated primarily in electronic form and is made available at approximately the same time to all eligible recipients.

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors’ Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors’ Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc.

The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance.

Argus has provided independent research since 1934. Argus Investors’ Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors’ Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors’ Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.